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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 01//07

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## ARTICLES:

(1) Regular Diet session to start today: Ruling bloc to focus on education issue; Opposition parties on social disparity issue; Mud-slinging likely over "politics and money" issue

NIHON KEIZAI (Page 2) (Slightly abridged)  
January 25, 2007

With the convocation of the regular session of the Diet today, a 150-day war of words will start. With the Upper House election this summer in mind, the government and the ruling parties will lose no time in having the Diet pass bills related to the Constitution, education and employment while underscoring the need to tackle those issues. The opposition camp is gearing up to criticize the stances of the government and the ruling camp in the income-gap policy area. A fierce contest is expected to occur right from the outset of the session. An expected clash over the "politics and money" issue concerning could develop into a mud-slinging contest since both the ruling and opposition camps have been exposed as involved in shady fund-management activities.

Dark cloud over national referendum bill

LDP Secretary General Hidenao Nakagawa is attaching importance to educational revitalization, an issue to which the prime minister gives first consideration. The government plans to submit three educational reform-related bills, including the introduction of a teaching-license renewal system. The prime minister asked cooperation from Nakagawa and New Komeito Secretary General Kazuo Kitagawa on the phone after the meeting of the Educational Reform Council yesterday.

Passage of the national referendum bill that will set the procedures for amending the Constitution, a subject to which the prime minister

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has shown eagerness, is another top priority issue for the LDP. On the other hand, the New Komeito is placing emphasis on laws related to revisions to employment rules, such as a hike in minimum wages.

Opposition parties are in agreement on their intention to focus on the issue of correcting income disparity. The Democratic Party of Japan (DPJ or Minshuto) is preparing to submit a disparity correction emergency measures bill featuring a call for the same wages for the same work. It also intends to pursue government office-led bid-rigging. Regarding this issue, the Fair Trade Commission (FTC) has recognized bid-rigging carried out by officials of the Land, Infrastructure and Transport.

DPJ head Ichiro Ozawa met Secretary General Yukio Hatoyama the same day and revealed his intention to make a careful judgment on the national referendum bill while monitoring the LDP's approach. He said, "If there are differences in views, there is no need to rush to reach a judgment. Debate on social disparities and people's life is more important."

Many members of the DPJ, which has held talks to the LDP plan along with that party, support that bill. However, the Social Democratic Party and the People's New Party want to prevent its enactment, arguing that it will only credit the Abe cabinet. The political judgment of Ozawa, who attaches importance to election cooperation with the two parties, has apparently constrained Hatoyama.

DPJ's force of argument weakening

Senior opposition party members met at a Tokyo hotel and agreed on the perception "politics and money issues will inevitably become a major subject of debate right from the beginning of the Diet session."

Opposition parties are envisaging a scenario in which it will drive the prime minister into the corner thoroughly pursuing former State Minister for Administrative Reform, who quit late last year over

shady accounting and Agriculture Minister Toshikatsu Matsuoka, who reported a large amount of office expenses - both were appointed by the prime minister.

However, the force of the DPJ's argument is beginning to weaken following the emergence of suspicion that House of Councillors Vice President Giichi Tsunoda, who temporarily left the DPJ to serve in this post, might have omitted political funds donations from his political funds payment balance report.

Social Democratic Party head Mizuho Fukushima during a press conference the same day snubbed Tsunoda, "If what has been reported is correct, Mr. Tsunoda should step down as vice president." Some participants in the DPJ's executive meeting said, "Mr. Tsunoda should fulfill his accountability submitting an accounting book, if he has one."

The DPJ is saddled with another issue of its head Ozawa reporting expenses for the acquisition of a high amount of land and buildings as office expenses. The LDP has started debate at the compliance taskforce of its Party Reform Implementation Headquarters on whether the acquisition of real property by Ozawa's fund management organization was appropriate or not.

(2) Calls for Upper House Vice President Tsunoda's resignation growing stronger in Minshuto

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MAINICHI (Page 1) (Full)  
Evening, January 25, 2007

There are allegations that the political fund management organization of House of Councilors Vice President Giichi Tsunoda failed to include in Tsunoda's report on political funds to the government 25 million yen it had received for the 2001 Upper House election. Referring to the allegations in a meeting this morning of the party members from both chambers of the Diet, Minshuto (Democratic Party of Japan) Secretary General Yukio Hatoyama revealed his intention of putting an end to the matter as quickly as possible, saying, "It is necessary to quickly dealing with the matter. I want you to entrust it to the executive." Concerning a possible negative impact on the regular Diet session in which the politics and money issue will become a main issue, calls for Tsunoda's resignation are growing stronger in the main opposition

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party. There is a possibility that Tsunoda will have to make a decision on his course of action.

At his press conference on Jan. 23, Tsunoda rejected his involvement in the mishandling of the political funds and expressed his intention not to step down from his post. In a Minshuto executive meeting this morning, however, the party's Upper House Chairman Azuma Koshiishi said: "I received a telephone call from Mr. Tsunoda this morning and he told me that he would like to reconsider the matter since his explanation (on the 23rd) was insufficient." Former President Katsuya Okada sought strict response, saying, "Minshuto as a party should take responsibility for the matter."

(3) Former Agriculture Minister Norota recorded office expenses in political funds reports although he used secretary's home as fund management office; Defense Minister Kyuma failed to notify relocations of political organizations

MAINICHI (Page 1) (Excerpts)  
Evening, January 25, 2007

The political fund management organization of Hosei Norota, former agriculture, forestry and fisheries minister, reported a total of 10.97 million yen as office expenses in Norota's political funds reports in 2003, 2004 and 2005 although the organization used the house of a private secretary to Norota as the office, the Mainichi has learned.

Three political organizations of Defense Ministry Fumio Kyuma are not located at the addresses written in Kyuma's reports on political funds to the government. The organizations therefore corrected the political funds reports.

It was reported that Kyuma's political organizations headed by his incumbent and former secretaries -- Tokyo Kyueikai, Kensei Konwakai, and Tatsumikai -- had their offices on the sixth floor of a building in Minato Ward, Tokyo, and a total of office expenses in 2005 was 6.6 million yen. However, the three organizations were not located in that building. Kyuma's office explained: "Tokyo Kyueikai and Tatsumikai were relocated to Naka-Ikegami in Ota Ward and Kensei Konwakai to Akasaka, Minato Ward in June 2004. But we failed to report them." The three Kyuma's political organizations then corrected their political funds reports in mid-January this year.

In a cabinet meeting today, Kyuma admitted to the failure of notifying the relocations of the three organizations. He then

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stated: "I have no connection with Kensei Konwakai. Since I don't head the remaining two organizations, their representatives are to blame."

(4) Cuts in medical equipment expenses: Narrow differences between domestic and foreign prices

YOMIURI (Page 11) (Abridged)  
January 25, 2007

Medical service fees were reduced by 3.16% last April as part of efforts to constrain medical outlays. About 32 trillion yen is spent as medical expenses annually in Japan, almost the same level as earnings by the pachinko industry. If the government really wants to hold down medical spending, it should try to reduce spending on medical equipment more drastically, because there are wide differences between domestic and foreign prices of such products.

In Japan, technical fees in treating illnesses have been kept low, but the cost of equipment and other medical materials are abnormally higher than in other countries. For instance, in the case of an operation for appendicitis in Japan, it costs about 380,000 yen with a stay of seven days in a hospital, but it costs 2.44 million yen with a one-day hospital stay in New York and 480,000 yen (with a four-day hospitalization) in Beijing.

Meanwhile, the price of a cardiac pacemaker is three to four times higher in Japan than in any other foreign country. In Japan, a pacemaker is priced at 1.16 to 1.48 million yen (as of 2004). In China, though, the price of an imported product is 800,000 to 1,000,000 yen and that of a domestic product is 400,000 to 600,000 yen. A balloon catheter for heart attack treatment is priced at 170,000 to 190,000 yen in Japan (2004) but at 70,000 to 80,000 yen in the US. The price of a contact lens for cataract patients is 52,000 yen in Japan but 14,000 yen in the US. The price of a coronary artery stent is 338,000 in Japan and 64,000 to 105,000 yen (in 2001) in Britain. Treatment costs for coronary artery stent total 3,688,200 yen in the US and 1,740,750 yen in Japan. However, material costs are lower in the US than in Japan. The proportion of the material cost to the total treatment fee for coronary artery stent in Japan is 58% and that of the operation cost is 14%. In the case of artificial joint replacement, the material cost and the operation fee account for 40 to 50% and 15 to 17%, respectively.

A certain medical product manufacturer sells its products overseas for only one-fifth the prices in Japan. For example, an artificial lung is priced at 1,620 dollars in Japan but 210 to 1,000 dollars in Asia, 220 to 950 dollars in the US, and 240 to 500 dollars in Europe.

To trim medical spending, the government should publicize the results of international comparison between domestic and foreign material prices and reset proper prices. Of total medical expenditures, material expenses account for about 60%. If the prices were halved, approximately one trillion yen could be squeezed out.

(5) Paratroop training planned at Kadena

OKINAWA TIMES (Page 1) (Full)  
January 25, 2007

The US Air Force's 18th Wing at Kadena Air Base is planning to conduct a parachute drill tomorrow for its rescue troopers, sources

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familiar with the plan revealed yesterday. The paradrop training is planned for six troops only, and it is believed to be a heliborne drill. The Defense Facilities Administration Agency's Naha bureau and the Foreign Ministry's Okinawa office will brief the authorities of Okinawa Prefecture, Kadena Town, Okinawa City, and Chatan Town today on an outline of the planned parachute drill. The US military last conducted such paradrop training eight years ago at the base, which is close to populated areas. Local residents are likely to oppose the planned drill. The prefectural government will consider taking action to ask the US military not to carry it out.

The United States has told Japan that the US Air Force wants to routinize paradrop training at Kadena Air Base not only for its troops but also for other US servicemen, According to the sources. The US military has been unable to carry out its scheduled parachute drills at Iejima airfield for weather reasons, the sources said. The US military will likely continue paradrop training at Kadena.

The training is scheduled to be conducted tomorrow afternoon. It simulates a rescue operation for one who fell into the sea, and a rescue team will land near the base runways from a helicopter over the base. The drill will likely be rescheduled if the weather does not permit.

Normally, the US military conducts parachute drills at Iejima airfield. Parachute drills were conducted at Kadena Air Base in May 1998 and in April 1999. Since then, the US military has conducted no parachute drills at the base.

According to the sources, weather conditions around Iejima-an island lying off the northwestern part of Okinawa's main island-has not been stable enough to conduct a parachute drill. The training this time at Kadena is aimed at making up for US military personnel's lack of paradrop training to keep them qualified.

The US military used to carry out parachute drills at Yomitan airfield. According to the prefectural government, the US military conducted a parachute drill there in 1965 and a local schoolgirl was killed under a parachuted trailer that fell near a civilian home.

There were other accidents, such as timber and iron debris dropping on residential or farmland areas. Furthermore, paratroopers landed in private gardens.

Meanwhile, Japan and the United States finalized a report released by their intergovernmental joint committee in 1996, incorporating an agreement to move parachute drills to Iejima airfield. According to local village authorities, the US military conducts one or two drills each month at Iejima airfield. In October last year, one of those in that drill landed on a field outside the base fence.

An Okinawa prefectural government official said: "We have been calling for the US military to better use Kadena Air Base, but they are deploying the F-22A Raptor to the base instead of alleviating our base-hosting burden. They are so inconsiderate of the local communities. They are too insensitive. We have no choice but to take action as we did eight years ago (to call for the US military to suspend the planned training)."

(6) Japan, US to test IC tag-based traceability system for freight containers as security measure

NIKKEI Evening (Page 3) (Full)

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January 24, 2007

The Ministry of Land, Infrastructure and Transport will start in March the test of an IC tag-based traceability system by installing tags on freight containers at Yokohama Port in cooperation with the United States Department of Homeland Security. This is a security system that the US is planning to introduce, and a joint test of the system will be carried out by Japan and the US for the first time. If the system is proved effective, it might be adopted as an international standard for managing containerized cargos.

The test will be conducted on a route between Yokohama Port and the West Coast. IC tags equipped with the function of the global positioning system (GPS) will be installed on 50 to 100 freight containers. These containers will be transported in five to seven shipments. The test is aimed to check if the containers at sea or on the group are accurately and promptly positioned, as well as to check whether piled containers are identified. The durability of IC tags will also be tested. The test period will be three to four weeks until the containers arrive in Chicago by railway.

The US will provide such equipment as IC tags and antennas. The Transport Ministry and the Yokohama Harbor Transportation Association will cooperate in coordination with the Singapore-affiliated leading container transportation firm APL of the US and in installation work.

Since the terrorist attacks occurred in the US in September 2001, countries have tightened measures to secure containers across the world. For instance, the US requires exporting countries to report on the contents of cargos 24 hours before ship departure. In the private sector, the ECP Global, a group promoting IC tag standardization in Europe, has taken the lead in working out international standards. Nippon Yusen K.K. and other companies will soon carry out a test on a route between Hong Kong and Tokyo.

#### (7) TOP HEADLINES

Asahi:

Bills amending three education laws to be submitted to Diet

Mainichi & Yomiuri:

Survey finds 2.2 billion yen in school lunch fees unpaid

Nihon Keizai:

Ricoh to acquire IBM digital business printer operation to become top of world

Sankei:

Calls growing in ruling parties for putting off plan for unifying pension systems, with eye on Upper House election

Tokyo Shimbun:

LDP to revise law to require receipts for office expenses worth more than 50,000 yen

Akahata:

Survey: Nonpermanent employees have more than one job due to impoverished state

#### (8) EDITORIALS

Asahi:

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(1) Regular Diet session: Confidence in politics called into question

(2) Bush's State of the Union speech: Watch the documentary film "An Inconvenient Truth"

Mainichi:

(1) Education panel's proposals: Don't be in a rush to reform the

education system

(2) State of the Union address: No way in sight for overcoming crisis

Yomiuri:

(1) Education reform panel report deserves full marks

(2) President Bush's State of the Union address: Iraqi burden casts dark shadow over North Korea's nuclear ambitions

Nihon Keizai:

(1) Future of schools cannot be seen in education panel's report

(2) State of the Union address reflects US fatigue

Sankei:

(1) Destruction of satellite: Looking at China's real intention

(2) Bid-rigging on subway project: Stricter punishments necessary

Tokyo Shimbun:

(1) Prime Minister Abe's view reflected in education reform report

(2) Bush's State of the Union speech: Stagnation will continue for two more years

Akahata:

US State of the Union address: No reflection on mistakes in Iraq

(9) Prime Minister's schedule, January 24

NIHON KEIZAI (Page 2) (Full)

January 25, 2007

09:31

Overseas economic cooperation conference at the Kantei.

10:30

Met with Koki Chuma, head of LDP Administrative Reform Promotion Headquarters and chief of the Secretariat Yoichi Miyazawa. Then had telephone conversation with Mongolian President Enkhbayar. Assistant Deputy Chief Cabinet Secretary Ando and MOFA Foreign Policy Bureau Director General Kawai were present.

11:31

Met members of the 16th Winter Olympic team, an international sports event for the deaf. Then met with Special Advisor to the Prime Minister Emoto.

11:59

Met with former Prime Minister Nakasone.

14:00

Met with Diet Policy Committee Chairman Nikai and New Komeito Diet Policy Chairman Urushibara, followed by Chief Cabinet Secretary Shiozaki and Assistant Deputy Chief Cabinet Secretary Saka.

14:31

Educational Revitalization Conference. Then met with Education and Science Minister Ibuki and Shiozaki.

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15:16

Videotaping of Live Talk Kantei for the government's Internet TV along with Educational Revitalization Council Chairman Ryoji Noyori and Special Advisor to the Prime Minister Yamatani.

16:00

Met with Agriculture Minister Matsuoka and METI Minister Amari. Then Latin American ambassadorial meeting.

17:44

New year's meeting hosted by the People's Political Association at Hotel New Ohtani.

18:36

Arrived at the Kantei.

19:19

Greeting exchange meeting of the Commercial Broadcasting Commentary  
Research Group at the Japan Press Center at Uchisaiwai-cho

19:51

Arrived at the official residence.

SCHIEFFER